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Examiners' Report

October 2025

Pearson Edexcel International Advanced Level in Accounting

WAC11 01A

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General comments

This session resulted in a very wide range of marks with some learners displaying a thorough understanding of the syllabus with very good responses.

Most learners demonstrated that they were familiar with the structure and exam technique required although sometimes the need for a conclusion to an evaluation was overlooked.

However, it was noticeable that many learners did not attempt five questions: there was also an usually high number of traits left blank within questions and this might suggest that not all learners were sufficiently prepared for the examination at this session.

Question 1

Financial Statements from incomplete records

This question was attempted by the majority of learners and generally answered to a good standard.

(a) This required learners to recognise assets and liabilities and use them to **calculate the opening capital** for the business: the common error was the omission of the bank and/or inventory from the list of assets, although the liabilities were usually stated correctly.

(bi) The **Statement of Comprehensive Income** was answered to a high standard by the majority of learners. The figures for revenue and purchases were not always correct as they required adjustments but partial credit was given where relevant workings were shown.

Common errors

- Not including the trade receivables balances in revenue.
- Not including the trade payable balances in purchases.
- The incorrect calculation of bank interest.
- The incorrect calculation for increase in allowance for irrecoverable debts.
- Including mobile phone repair costs as an expense.

(bii) The **Statement of Financial Position** was also answered to a good standard and credit was given for own figures brought forward for inventory, bank balance and opening capital.

Common errors

- Including the mobile phones in the non-current assets.
- Omitting accrued wages from the current liabilities.
- Listing accrued income as a liability.
- Presenting a single list of liabilities which contained both non-current and current assets together.

(c) This detailed four **advantages of a full double entry accounting system** and was attempted by most learners. However, many learners did not list four and/or sometimes duplicated points with different words describing the same point.

(d) Learners were asked to **evaluate commission based payments to salesmen** as opposed to a fixed wage and most learners made a good attempt at this. The popular point which gained credit for the fixed wage was security of income for the employee and/or fixed payment for the employer; the popular point in favour of commission was incentive/motivation to work harder and increase earnings.

Common errors

- Offering a generic answer relating to a production scenario.
- Offering only the generic point of easier / saves time for the fixed wage.
- Assuming that the increased wage cost on a commission basis would decrease the profit.

Question 2

Trial Balance and correction of errors

(a) The **Trial Balance** was completed to a good standard by the majority of learners.

Common errors

- Entering returns inwards and/or irrecoverable debts in the credit column.
- Entering the rent receivable in the debit column.
- Entering the suspense account figure below the column totals.

(bi) Journal entries are usually more challenging to learners but many demonstrated a good understanding of how to correct the errors.

Common errors

- Failing to clearly label debit (DR) and credit (CR) entries/columns.
- Using the same account narrative for the DR and CR entries.
- Recording the credit entry as Bank instead of Suspense.

- Giving the correct narrative with the incorrect figure e.g. £65 instead of £130.

(bii) The first entry on the **Suspense Account** should be the balancing figure (OF) from the Trial Balance in (a): this was often omitted or sometimes posted to the wrong side of the suspense account.

(c) Learners were required to **name and explain three types of error** not revealed by the trial balance. Most learners could name three errors and fully explain one or two of those errors: however, there was often insufficient detail to gain full marks.

(d) The **trade receivables control account** was well done by most of the learners who attempted it.

Common errors

- Posting an incorrect figure for the revenue.
- The reversal of all entries in the account.
- Balancing the account on own figures instead of using the balance which was given.
- Arriving at a credit balance.

(e) The evaluations were reasonably well answered and most learners presented arguments on both sides, concluding that the **creation of a provision for irrecoverable debts** was beneficial and would reduce the risk to which the business was exposed. This was a scenario where it was relevant to argue that not creating the provision was easier and saved time which could be spent on other matters.

Common errors

- Presenting a one-sided case instead of including points on both sides.
- Suggesting that the provision would be linked to a cash fund.

Question 3

Partnership accounts and Goodwill.

There were some good responses demonstrating a thorough understanding of partnership accounts and the treatment of goodwill when a partnership ends. However, a high proportion of learners did not attempt the question or only attempted parts of the question.

(a) Four marks were available for learners to display their knowledge of the **1890 Partnership Act.**

Common errors

- Correctly listing a provision of the Act but omitting the word "no" in relation to the item.
- Presenting a list which was not related to this topic.

(bi) Some learners displayed a good understanding of the **partnership capital account**.

Common errors

- Omitting any entry for the reduction in inventory value.
- Omitting any entry for the bank settlement to Poon.
- Incorrect credit postings for goodwill between the two partners.
- Bringing down a closing balance for Poon although the partnership had ended.
- Presenting the opening balances for Poon and Quon as the closing balances.

(bii) Most learners attempted the **bank account**, entering the bank loan and balancing off the account. The better responses also included their own figure (OF) cheque settlement to Poon.

Common errors

- Giving an inaccurate narrative for an entry.
- Entering the partner loan from Poon in the bank account.
- Omitting any settlement figure to Poon.
- Presenting the opening balance as the closing balance.

(biii) Most learners attempted the **statement of financial position** with some success.

Common errors

- Omitting Goodwill.
- Entering Goodwill as a current asset.
- Labelling Poon's loan as a bank loan
- Not grouping non-current liabilities separately from current liabilities.

(c) The focus of the question was **whether to maintain Goodwill in the accounts**: however, many responses focused on defining goodwill in general

terms, concluding that it was beneficial to a business. The most popular points to earn credit were that valuing the goodwill reflects the true value of the business when partners/owners join or leave but it is difficult to value in monetary terms as it is intangible and not permanent,

The common error was not to utilise the scenario context of one partner leaving the business.

Question 4

Costing and Depreciation

(ai) Most learners gave brief **definitions of fixed and variable costs** but responses would be improved by giving fuller explanations as shown in the printed answer.

(aii) Most learners gave correct **examples of fixed and variable costs** from the taxi scenario.

(b) 40% of question 4 marks were allocated to **costing calculations** which were very well done overall: learners were given credit for calculating profit correctly based on their own answers for the annual cost and cost per kilometre.

Common errors

- Calculating depreciation incorrectly and/or including the entire cost of the taxi. (bi)
- Presenting the costs for three or five years instead of the cost for the year. (bi)
- Using only the cost of diesel per kilometre. (bii)
- Using the cost of diesel per km. instead of the charge to the passenger. (biii)

(ci) The responses for **revaluation depreciation** were weak overall and most did not refer to the market value of the vehicle.

(cii) The responses for **reducing balance depreciation** were better with most learners demonstrating a good understanding of this method. The common error was to present a formula instead of giving an explanation in words.

(d) Learners were required to **evaluate changing to the reducing balance method of depreciation**: this was generally well done with most learners demonstrating a good understanding of both the topic and exam technique. Most responses gained credit for recognising that the steep fall in market value of vehicles in the early years recommends the reducing balance method of depreciation. The common error was to rely on the generic answer of "easy" and/or "saves time" in favour of straight-line depreciation as opposed to offering reasoned arguments such as "reflects equal usage" or "maintains consistency".

Question 5

Manufacturing Account

(a) The calculation of **closing inventory value using First in First out** (FIFO) was answered well by the majority of learners: where there was an error, partial credit was given up to that point (where workings were shown).

(b) Responses were very variable for the **manufacturing account** with some learners achieving very high marks. The structure of the account is dependent on cost classification, including only manufacturing costs and separating the direct and indirect costs with the essential label of Prime Cost.

Common errors

- Listing indirect manufacturing wages above Prime Cost.
- Including administration and/or marketing costs in the manufacturing account.
- Omitting the subtotal of costs in the period prior to the work-in-progress adjustment.

(c) Learners were asked to describe the **treatment in the Statement of Financial Position** of end of year adjustments.

Most learners gave correct responses for the treatment of accrued wages: however, the responses for depreciation for the year tended to be incomplete and most learners did not convey understanding of how to treat the provision for unrealised profit.

(d) Learners were required to **evaluate Last in First (LIFO)** out as a method of inventory valuation as changes in the cost of materials (or products) will impact on the profit declared within a particular time period. The scenario given in the source booklet was one of deflation with the cost of materials falling: however,

credit was also given for statements relating to inflation, providing that this assumption was clearly stated. The most popular point to earn credit was that LIFO is not acceptable to the tax authorities with the better responses explaining how First in First out reflects the physical movement of stock (which is dependent on good warehouse management).

Common errors

- Discussing the possible deterioration or obsolescence of inventory.
- Omitting to clarify whether the statements made related to rising prices or deflation.

Question 6

Ratio analysis

(a) There were some very good responses to **define profitability and liquidity**: however, most responses did not relate profit to the capital invested and/or mention that short-term debts need to be paid as they fall due.

(b) Learners then calculated the **closing bank balance**, generally opening with £40,000 and giving a closing balance but often including aliens so that the answer could be either a debit balance (asset) or credit balance (liability). This was relevant to the current and liquid ratios in part (c) where credit was given for answers based on the OF bank balance carried forward.

(c) Most learners made a reasonable attempt at the **ratio calculations** and gave correct answers for the Trade receivables collection period and the Trade payables payment period. Some learners achieved full marks for the ratios and many earned partial credit for correct workings where these were shown.

Common errors

Inventory turnover (times)

- Using purchases instead of adjusting for inventories to calculate cost of sales.

Current ratio and liquid (acid test) ratio

- Omitting the bank figure.
- Deducting the bank overdraft from the current assets instead of adding it to the current liabilities.
- Omitting to label the answer correctly " :1 "

Trade payables payment period

- Omitting the decimal places as required in the question.

Revenue to non-current assets

- Reversing the two figures.

(d) Learners were required to **evaluate the liquidity** of the business in comparison with the data provided in the source booklet / industry benchmarks: the conclusion could be that liquidity was better or worse according to learners' own ratio answers. However, many responses either did not include comparisons or did not specify the comparator.

The most common error was the use of terms which are not qualitative: learners could improve their responses by using terms such as better/improved or worse/deteriorated when analysing a financial situation.

There were also some obvious points in the scenario such as "there is a high risk of bad debts and a need for better credit control" and "the bank is now overdrawn": however, many responses did not make use of these observations.

It was also noticeable that more learners omitted to offer a conclusion to their evaluation in question 6 than in other questions.

(e) In the context of this question, the relevant **non-financial factors** are those which are expected to impact on the financial performance of the business in the immediate future but cannot be shown in the financial statements as they have no monetary value. This was quite well answered by those learners who attempted it however, single words such as "workforce" are insufficient as it is the skill and/or experience of the workforce which is relevant to the success of a business.

To conclude:

Many learners have satisfied the requirements at this level and I congratulate them: they will now move on to other goals while we focus on guidance for learners who were not successful this time.

- It is essential to take time initially to read the detail of the questions and also the source material thoroughly: this will help with the selection of optional questions and give focus on how to approach the answers.

- It is good practice to apportion the available examination time between the five questions (and traits within questions) to maximise the opportunity to gain marks.

- It is not acceptable to use abbreviations (such as TP for trade payables or K for 000s).

- Generic text book statements should be adapted to fit the specific question being asked within the given scenario.

- An evaluation should always conclude with a recommendation and give a reason(s) as to why it is considered to be the best course of action.